INLAND STEEL COMPANY )
)
and )
)
UNITED STEELWORKERS OF AMERICA )
Local Union 1010 )

Grievance No. 17-F-13
Docket No. IH-218-213-9/20/57
Arbitration No. 339

Opinion and Award

Appearances:

For the Company:

William F. Price, Attorney
W. A. Dillon, Assistant Superintendent, Labor Relations
John I. Herlihy, Superintendent, Industrial Engineering Department
Julius Krohman, Foreman, Tin Mill Machine Shop
George J. Schreiner, General Foreman, Tin Mill

For the Union:

C. Clifton, International Staff Representative
J. Wolanin, Acting Chairman, Grievance Committee
G. Mavronicles, Grievance Committeeman
F. Gardner, Chairman, W.R.&I. Review

The question is whether Wage Incentive Plan No. 78-1919, applicable to the Angle Machine, Boxing and Packing, in the Tin Mill Department, provides equitable incentive earnings in accordance with the provisions of Article V, Section 5. This operation grew out of an improved method of packaging lifts of tin plate. Previously, only straight angles were used on all 12 edges of the package. The new method employs right and left corner angles as well. A new machine was put into operation for this purpose. It is a multiple die continuous operation punch press, which produces the angles from hot coiled strip. The incentive plan was put into use in December, 1956, and the grievance was filed June 7, 1957.

This incentive plan was based on an analysis of time study data obtained while the Operator of the Angle Machine was on day rate. The Operator would have the opportunity to work at incentive rate of performance 62.9% of the time. The plan calls for incentive rates of pay expressed in units of the standard hourly base rate. Using its customary 35% incentive margin for 100% incentive level of performance, and having found from its time study analysis that the Operator could not operate at incentive rate 37.1% of the time, the Company developed the incentive plan to provide earnings of 122% of base rate.

It is agreed that there were no prior incentive earnings with which to compare the earnings provided by this incentive plan and that there is no "like department" to the Tin Mill. In fact, there is no operation to which this may be said to be similar in the Tin Mill. The Company maintains that the most comparable job in the Tin Mill is that of the Feeder-Piler, Assorting Machine, because there the Operator works on a fixed speed machine like the Angle Machine and also has incentive opportunity only part of the turn. The incentive margin of the Feeder-Piler was set at 17.4% for a work load of 49.6%. He normally operates a complement of two machines. The Feeder-Piler incentive plan was established the same day

as that for the Angle Machine, and the Feeder-Piler, after some three months of operation, has consistently earned materially more than the expected incentive margin of 17.4%.

Two problems are present in this case. The first relates to the proper criterion or comparison to use, under Article V, Section 5, to determine whether the disputed incentive plan does provide equitable incentive earnings. The second is the usual one of determining why, unlike the Feeder-Piler, for example, the Angle Machine Operator has generally failed to achieve the expected incentive margin of 22%.

The test of equitability of incentive earnings is set forth in Paragraph 57 of the 1956 Agreement:

> " ... the arbitrator shall decide the question of equitable incentive earnings in relation to the other incentive earnings in the department or like department involved and the previous job requirements and the previous incentive earnings ... "

The parties disagree strongly as to whether the Feeder-Piler job is truly comparable with that of the Angle Machine Operator. At best, it may be said that it is more comparable than other jobs in the department, but it is a different kind of operation in some material respects. The use of comparable jobs in the department has evolved in cases of this kind from the practice of the parties, and the reasons for this are apparent and have been discussed in prior awards. But where serious question is raised as to the comparability of jobs, are we then to fall back on all the jobs in the department and merely strike an average to use as the criterion? In this case, it would make little difference practically, because the average would approximate the incentive margin of the Feeder-Piler. I shall therefore merely express some doubts as to the proper procedure to be followed in such cases, and proceed with a discussion of the second problem, pointing out, however, that in a similar situation some years ago in Grievance No. 17-C-92 (Arbitration 55) Arbitrator Edwards expressed the view that other incentive earnings "in the department or like department involved," as stipulated in the Agreement, should furnish the basis for proper comparison. The difficulty with this is that it would lead to comparisons with dissimilar jobs, and that the disputed so-called comparable job would merely be one of a number of jobs employed for this purpose.

The significance of the actual earnings and production data is in dispute. For five months before the incentive plan was put into effect, while the Operator was on hourly pay, the production averaged 8035 angles per turn, ranging, however, from monthly averages in two months of 5900 and 5700 to 11000 in one other month. In the first six months of operation under the plan, the production averaged over 9800 per turn; in the next six months over 8455; in the next eleven months 9000. In the pay period ending December 12, 1959, the production averaged 11150 per turn, with the index of pay performance at 115.3%, as compared with the pay period ending January 23, 1958, when the production figure was 11794, and the index 118.3%. It must be remembered that the expected production is 13090 angles per turn, and the pay performance index 122%.

The Company points to a number of turns in which the expected production and earnings were achieved (some 23 turns in a period of three years). The Union points to the failure to achieve either production or earnings in any pay period as a whole since the incentive plan was installed, and to a number of instances when the Operator failed to earn even his base rate.

The inference each would have one draw is obvious. The Company infers that production could be raised and maintained by the employees, the Union that the plan is too tight and that the employees are unable to achieve the expected performance or earnings level.

In the early stages there were more delays than later on. The Company has modified the equipment in some respects, and this has had a tendency to ease the Operator's job. Since the incentive plan was established an automatic lubrication system, and a roller table at the exit end have been installed. The Company claims that proper allowance has been made for normal delays, but the Union insists that proper allowance has not been made, that there is no allowance for guide adjustments, for one.

One sitting in the position of an arbitrator in a case of this kind is working under great difficulty. He must arrive at a value judgment as to disputed facts with no tangible or foolproof way of testing the facts. This has been a protracted dispute. The incentive plan went into effect in December, 1956, and the parties are still in dispute. On all the evidence, the best I can do is to find that each is partly right in its view of what the experience with this incentive plan indicates. The performance of the employees has fluctuated widely, and I cannot escape the conviction that this was caused in part at least by the pendency of this grievance. This is not to say that I am convinced by the evidence and the arguments made with reference to it that the employees could have achieved and maintained the level of performance set by the Company.

I find that in order to provide equitable incentive earnings, this incentive plan should be revised to provide 3.7% additional in incentive earnings. In the period of best performance on which I have evidence, the pay performance index averaged 118.3%, as compared with expected of 122%. In the other periods it was inferior to this.

AWARD

Wage Incentive Plan No. 78-1919 shall be revised to provide 3.7% more in incentive earnings, and this revision shall be put into effect in accordance with the provisions of Article V, Section 5 of the 1956 Agreement.

Dated: January 10, 1961

/s/ David L. Cole

David L. Cole
Permanent Arbitrator